

~~CONFIDENTIAL~~

NFAC 4056-79

1 August 1979

Memorandum for Dr. Bowie

Subject: Senior Review Panel Comments on NIE/IIM Production Forecast, July 1979-June 1980 (draft, dated 6 July 1979, NFAC 3548-79)

1. The Panel understands that you wish the Production Board in its 2 August meeting to examine the proposed NFAC production forecast as a whole, and to consider whether it is sufficiently comprehensive, adequately targeted on matters of probable major concern to policymakers over the next 12 months, and reasonably well balanced as between priority requirements and available resources.

2. The suggestions which follow reflect the Panel's consideration of these questions. We appreciate the work, careful attention, and coordination which have gone into the compilation of the present list. At the same time, we have in mind that the 2 August meeting is the first opportunity the entire Board will have had to examine the forecast as a whole. We believe there are some important subjects which may qualify as supplements/replacements for inclusion in production planning, now or in the earliest next round.

3. Integrative Estimates

We are struck by the virtual absence of interagency work in international economics. We consider this a programmatic weakness which should be remedied. Within the next 12 months, we recommend:

a. A forward-looking estimate of likely trends in the international economic (and financial) positions of the United States, other key OECD countries, the Soviet Union, and the OPEC countries? Clearly, the international distribution of economic assets and

25X1

25X1

~~CONFIDENTIAL~~

Subject: Senior Review Panel Comments on NIE/IIM Production Forecast, July 1979-June 1980 (draft, dated 6 July 1979, NFAC 3548-79)

liabilities--which has been changing dramatically and is likely to change further--will seriously affect the relative capacity of countries, and groups of countries, to wield foreign political (and even military) influence and to resist pressures exerted by others. It would seem that such a paper could be very helpful to policymakers, that the Intelligence Community has a variety of assets on which such an estimate could draw, and that there would be much value in having a coordinated Community view on this important subject.

b. An NIE on world energy problems structured to estimate the likely political and economic effects of the changing energy situations of the major state actors. (We appreciate the preeminence of OER in the field, and particularly in the oil problem. But there are some grounds to believe that NFAC's assessments may not be wholly agreed by State, and possibly Treasury and Energy. To the extent the latter are in error, it might be useful to try for a Community consensus.)

c. An NIE on Pacific Interdependence, as proposed by NIO/EAP on 9 July (NFAC 3579-79).

d. Nuclear Proliferation. We regret the decision not to proceed now with an estimate on nuclear proliferation issues on a basis broader than separate examinations of local situations. We think this project should be kept under review and activated, as soon as circumstances permit, and certainly when the individual country studies are completed.)

4. National Interests

We suggest that, if NFAC production planning be examined in the light of probable engagements of US national interest over the next twelve months--or of situations which may create special foreign affairs problems for the US, a number of other subjects might deserve consideration. As examples:

CONFIDENTIAL

Subject: Senior Review Panel Comments on NIE/IIM Production
Forecast, July 1979-June 1980 (draft, dated 6 July
1979, NFAC 3548-79)

a. Arab East. A SNIE, or IIM, on the overall political-economic-security situation in and prospects for the Sudan-Ethiopia-Somalia-Djibouti-Southern Arabian Peninsula-Persian Gulf area strikes us as a priority item for the production period. The area might well be the Achilles heel of Saudi Arabia and is very much related to the overall Middle East-Western Indian Ocean problem. As a resource tradeoff, the IIM on Mozambique (which State questions) could be slipped into the next production year. (Since this area involves two NIOs, responsibility should be assigned specifically to one--Africa or NESAs.)

b. Implementation of Panama Canal Treaty. Before mid-1980, a SNIE, or IIM, on this subject might be very timely. Unfavorable events and trends in the Caribbean Basin, to include Central America, could make the Panama Canal matter become even more sensitive an issue.

c. Political and Economic Trends in the Communist Countries of Eastern Europe. (Other than Yugoslavia) An examination of their potential for affecting the stability of current governments and the interests of the Soviet Union would seem particularly timely.

d. Soviet Options in Afghanistan. (Our memo to you of 25 July 1979, NFAC 3893-79.)

e. China. By the end of the production period, June 1980, a year and a half will have elapsed since the normalization of US-China relations. Initial impulses will have run their course, and prospects for the longer term will have importance. We should think that an NIE, or at least an IIM, on Prospects for China, would have much interest for policymakers within this time frame.

25X1

CONFIDENTIAL


Subject: Senior Review Panel Comments on NIE/IIM Production
Forecast, July 1979-June 1980 (draft, dated 6 July
1979, NFAC 3548-79)

25X1

25X1

25X1

25X1


William Leonhart

cc: Bruce Clarke
NIO/Africa

CONFIDENTIAL